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 TO RUEHC/SECSTATE WASHDC 6671  
 INFO RUEHDC/USDOC WASHDC  
 RUMTBK/AMEMBASSY BANGKOK 6206  
 RUEHJA/AMEMBASSY JAKARTA 2292  
 RUEHKL/AMEMBASSY KUALA LUMPUR 2447  
 RUEHML/AMEMBASSY MANILA 6927  
 RUEHMO/AMEMBASSY MOSCOW 7323  
 RUFHFR/AMEMBASSY PARIS 2715  
 RUEHUL/AMEMBASSY SEOUL 5062  
 RUEHGP/AMEMBASSY SINGAPORE 4567  
 RUEHKO/AMEMBASSY TOKYO 7770  
 RUMJNG/AMCONSUL HONG KONG 2613  
 RUEHIN/AIT TAIPEI  
 RUHQHQA/CINCPAC HONOLULU HI  
 RUFHNA/USMISSION USNATO 1790  
 RUMJQU/AMCONSUL GUANGZHOU 1201  
 RUMJSA/AMCONSUL SHANGHAI 1876  
 RUEHSH/AMCONSUL SHENYANG 0166  
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PARIS FOR USOECD

E.O. 12356: N/A  
 TAGS: EAGR, ECON, EFIN, EIND, CH  
 SUBJECT: CHINA ECONOMIC BRIEFS, NO.20

1. STATE COUNCIL CALLS FOR TIGHTENED PRICE CONTROL  
 AND INSPECTIONS

ALL PRICES OF MAJOR MANUFACTURED GOODS AND PRODUCTIVE  
 RESOURCES WILL BE PUT UNDER TIGHTENED STATE CONTROL  
 AND VIOLATORS WILL FACE SEVERE PUNISHMENT, ACCORDING  
 TO A STATE COUNCIL CIRCULAR PUBLISHED ON MARCH 17.  
 THE AIM OF THE CIRCULAR WAS TO CHECK THE CURRENT  
 ESCALATING TREND OF PRICE HIKES AND RESALE OF  
 PRODUCTIVE RESOURCES AND CONSUMER GOODS AT EXOR-  
 BITANT PROFITS BY SOME DEPARTMENTS, ENTERPRISES  
 AND INDIVIDUALS. (XINHUA NEWS, MARCH 18)  
 2. NEW AUDITING OFFICES DISCOVER DISCREPANCIES

BETWEEN SEPTEMBER 1983 AND THE END OF 1984, AUDITING  
 OFFICES WITH 24,000 EMPLOYEES WERE SET UP THROUGHOUT  
 CHINA. THEY UNCOVERED IRREGULARITIES AMOUNTING TO  
 3,340 MILLION YUAN IN 1984, ACCORDING TO THE MARCH  
 13 WORKERS' DAILY. IRREGULARITIES INCLUDED EXCESSIVE  
 OPERATIONS COSTS, UNREPORTED OR CONCEALED PROFITS,  
 FAKE LOSSES, TAX EVASION AND ACCOUNTING ERRORS.

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## 3. LOCAL STEELWORKS BOOST PRODUCTION

ACCORDING TO THE MINISTRY OF METALLURGICAL INDUSTRY, 800 LOCALLY-RUN STEELWORKS PRODUCED 8.930,000 TONS OF STEEL LAST YEAR, DOUBLE THE 1978 FIGURE AND 20 PERCENT OF THE COUNTRY'S TOTAL. BETWEEN 1958 AND 1978 THESE STEELWORKS SUFFERED A LOSS TOTALLING 5.5 BILLION YUAN WHILE PRODUCING ONLY 30,300,000 TONS OF STEEL. A DRIVE WAS LAUNCHED IN 1979 TO IMPROVE MANAGEMENT AND UPDATE TECHNOLOGY IN THESE ENTERPRISES. IN 1984 THEIR PROFITS AND TAXES TOTALLED 2.6 BILLION YUAN, ACCOUNTING FOR 24 PERCENT OF TOTAL PROFITS AND TAXES FROM STEEL PRODUCTION. OUTPUT HAS RISEN BY 19.8 PERCENT A YEAR SINCE 1978 IN THE LOCAL SECTOR WHILE THAT OF STATE-RUN ENTERPRISES HAS INCREASED AT AN AVERAGE OF ONLY 6 PERCENT. (CHINA DAILY, MARCH 19)

## 4. OVER NINE MILLION INDIVIDUAL BUSINESSES IN CHINA

CHINA HAD 9.3 MILLION INDIVIDUAL BUSINESSES AT THE END OF 1984, 57.4 PERCENT MORE THAN THE PREVIOUS YEAR, ACCORDING TO THE STATE ADMINISTRATION OF INDUSTRY AND COMMERCE. THESE BUSINESSES ABSORBED MORE THAN 13 MILLION WORKERS LAST YEAR, 74.3 PERCENT MORE THAN THE PREVIOUS YEAR. RETAIL SALES OF INDIVIDUAL BUSINESSES AMOUNTED TO 28.8 BILLION YUAN, ACCOUNTING FOR 8.6 PERCENT OF THE NATIONAL TOTAL. (XINHUA NEWS, MARCH 16)

## 5. FARMERS TOLD NOT TO SLACKEN GRAIN PRODUCTION

THE MINISTRY OF AGRICULTURE, ANIMAL HUSBANDRY AND FISHERIES WARNED AGAINST SLACKENING GRAIN PRODUCTION AS EFFORTS ARE MADE TO DIVERSIFY THE RURAL ECONOMY. THE MINISTRY DREW ATTENTION TO THE FACT THAT THIS YEAR SOME AREAS HAD PLANNED TO CUT GRAIN ACREAGE EXCESSIVELY. (XINHUA NEWS, MARCH 15)

## 6. NEW LAND LAW WILL PROTECT SHRINKING ARABLE LAND

CHINA IS DRAWING UP A LAW TO PROTECT SHRINKING ARABLE LAND RESOURCES. DIMINISHING AT AN ANNUAL RATE BETWEEN 0.5 AND ONE PERCENT. OFFICIALS ATTENDING THE FIRST NATIONAL CONFERENCE ON LAND MANAGEMENT WHICH

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CLOSED MARCH 12 SAID THE COUNTRY'S FIRST COMPREHENSIVE LAND LAW WOULD TRY TO HALT THE RECKLESS DIVERSION OF FARM LAND TO OTHER USES. (XINHUA NEWS, MARCH 13)

## 7. BRIEFS IN BRIEF

-- A MARCH 15 ECONOMIC DAILY EDITORIAL CALLS FOR HALTING UNREASONABLE CONSUMPTION EXPENDITURES WHICH ARE HINDERING ECONOMIC REFORM.

-- CHINA IS DISPLAYING ITS SPACE TECHNOLOGY ABROAD FOR THE FIRST TIME AT TSUKUBA WORLD'S FAIR WHICH JUST OPENED IN JAPAN.

-- TRADE BETWEEN THE SOVIET UNION AND TWO OF CHINA'S BORDER AREAS, INNER MONGOLIA AND XINJIANG, IS UP SHARPLY THIS YEAR.

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--THE ALL CHINA FEDERATION OF SUPPLY AND MARKETING  
COOPERATIVES, WHOSE MEMBERSHIP NUMBERS 35,000 CO-OPS,  
HAS RECENTLY BECOME THE 165TH MEMBER OF INTERNATIONAL  
COOPERATION ALLIANCE.

-- LAST YEAR INDUSTRIAL OUTPUT WAS UP 14 PERCENT,  
BUT ENERGY CONSUMPTION ROSE ONLY SIX PERCENT, REFLEC-  
TING SOME SUCCESS IN CHINA'S ENERGY CONSERVATION  
DRIVE. HUMMEL  
END OF MESSAGE

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